



## EXHIBIT B

### PROPOSAL INSTRUCTIONS AND SELECTION CRITERIA

#### I. Proposal Delivery/Submission:

**A. Due Date:** The due date for the Authority's receipt of the proposals responding to this Request for Proposal ("RFP") is **April 14, 2006**, at 4:00 p.m.

**B. Originals and Copies:** Submit one (1) original and three (3) copies of a proposal to provide the services described in Exhibit A (Scope of Work).

**C. Delivery of Proposal:** The address for the hand delivery or commercial overnight service of proposals is as follows:

Michigan State Housing Development Authority  
Attn: Peter Karsten  
735 E. Michigan Avenue  
Lansing, MI 48913

**D. Selection of Proposal:** The top scoring Contractor(s) will be notified by overnight mail the week of May 8, 2006. Top scorers will be required to make an oral presentation, including a question and answer period, the week of June 12, 2006. The presentation will be approximately two hours and be held at:

Michigan State Housing Development Authority  
735 E. Michigan Avenue  
Lansing, MI 48913

The Authority shall bear no cost for the time and travel of the Contractors' attendance at this meeting.

**II. Signature Clause to be Signed by Authorized Signatory of Firm:**

Insert the following signature clause at the end of the proposal and have an authorized signatory of the firm sign it:

I confirm that I have submitted this proposal on behalf of (INSERT NAME OF FIRM) in response to the Michigan State Housing Development Authority's Request for Proposals for the Sub-Servicing of the Single Family Mortgage Loan Portfolio.

By:\_\_\_\_\_

Its:\_\_\_\_\_

Date:\_\_\_\_\_

**III. Selection of Proposal:**

**A. Price Proposal:** All rates quoted in proposals submitted in response to this RFP will be firm for the duration of the contract. No price changes will be permitted.

**B. Selection Criteria:** The Authority's Office of Finance will select the proposal based on the Selection Criteria listed below:

**Scoring:**

Category	Points
Experience with loans of \$70,000 or less.	
Percentage of loans (based on number of loans) with original principal balances of \$70,000 or less:	
Points:	
15 More than 40%	
10 $\geq 20\% \leq 40\%$	
5 $\geq 5\% < 20\%$	
0 Less than 5%	

Category	Points
<p>Familiarity with Mortgage Subsidy Bonds Tax Act.</p> <p>Percentage of tax-exempt-bond-financed loans (based on number of loans) in portfolio (This figure may be for any time during the past seven years.):</p> <p>Points:</p> <p>15 More than 40%</p> <p>10 <math>\geq 20\% \leq 40\%</math></p> <p>5 <math>\geq 5\% &lt; 20\%</math></p> <p>0 Less than 5%</p>	
<p>Delinquency ratio.</p> <p>Percentage of applicable MBA delinquency rate:</p> <p>Points:</p> <p>15 Less than 75%</p> <p>10 <math>\geq 75\% \leq 90\%</math></p> <p>5 <math>&gt; 90\% &lt; 95\%</math></p> <p>0 95% or greater</p>	
<p>Office(s) in Michigan.</p> <p>Points:</p> <p>15 51 or more offices</p> <p>10 11-50</p> <p>5 2-10</p> <p>0 1</p>	
<p>Number of non-amortizing (i.e., no payments due) second mortgage loans serviced as a percentage of number of first mortgage loans serviced:</p> <p>Points:</p> <p>15 More than 25%</p> <p>10 <math>\geq 15\% \leq 25\%</math></p> <p>5 <math>\geq 5\% &lt; 15\%</math></p> <p>0 Less than 5%</p>	

Category	Points
<p>Financial strength:</p> <p>For traditional banks, "well capitalized" would be a ratio of 10% or more of total capital to risk-weighted tangible assets; "adequately capitalized" would be a ratio of 8% to 10%. For entities other than traditional banks, "well capitalized" would be a ratio of 5% or more of core capital to adjusted tangible assets; "adequately capitalized" would be a ratio of 3% to 5%.</p> <p>Points</p> <ul style="list-style-type: none"> <li>15 Well capitalized</li> <li>10 Adequately capitalized</li> <li>0 Less than adequately capitalized</li> </ul>	
<p>Strength of organization's personnel based on years of experience in the appropriate area for the manager directly responsible for that area of servicing in regards to Authority loans (areas considered are Loan set-up, Servicing, Customer (borrower) Service, Client (Authority) Services, Escrows, Collections, Loss Mitigation and Foreclosures):</p> <p>Points (available for each servicing area above):</p> <ul style="list-style-type: none"> <li>2 more than 10 years</li> <li>1 5-10 years</li> <li>0 Less than 5 years</li> </ul>	
<p>Loans per servicing FTE:</p> <p>Points</p> <ul style="list-style-type: none"> <li>15 Less than 900</li> <li>10 900-1,049</li> <li>5 1,050-1,149</li> <li>0 1,150-1,249</li> <li>-5 1,250-1,349</li> <li>-10 More than 1,349</li> </ul>	
Results of reference checks. Maximum of 15 points possible.	

**Information that must be submitted** (in addition to materials described in Section II – Required Qualifications):

- List of Subcontractors and fees
- Dollar volume of current portfolio
- Number of loans in current portfolio
- Organizational chart
- Standard contract
- Detailed fee structure

The fee structure may be based either on a percentage of the outstanding balance of loans serviced or on a "per loan" basis. If more than one Contractor that uses a percentage calculation is a successful bidder, all percentage bidders will be required to accept the percentage of the lowest successful percentage bidder.

**FEE EXAMPLE**

Please calculate what your fees would be for a month in which the following facts are true. Assume that none of the categories overlap, e.g., loans that are 30 days delinquent do not include loans that are 30 days delinquent and in bankruptcy. The DPA loans are additional loans, but they are associated with an accompanying first mortgage. They are non-interest bearing and non-amortizing, with no payments due. The step loans are loans on which the interest rate increases by 1% on the three-year anniversary of the date the first payment on the loan was due. In addition to showing what your total fee would be, please show how the fee was calculated.

Type of loan	Number of loans	Total outstanding principal (In dollars)
30-year fixed-rate, current	6,947	388,863,000
Step loans	108	7,560,000
DPA loans	3,481	14,789,000
30 days delinquent	835	41,644,000
60 days delinquent	293	14,264,000
90+ days delinquent	510	25,677,000
30 days delinquent, in bankruptcy	34	1,663,000
60 days delinquent, in bankruptcy	28	1,420,000

Type of loan	Number of loans	Total outstanding principal (In dollars)
90+ days delinquent, in bankruptcy	174	8,421,000
In foreclosure	151	7,465,000
New loans added	100	8,204,000
Paid off loans	75	6,125,000

**C. Cancellation of Selected Proposal:** The selection of a proposal by the Authority may be cancelled at any time prior to the complete execution of a contract. Reasons for canceling the selected proposal may include, but are not limited to, the following:

1. Refusal of Departments of Labor & Economic Growth and/or Civil Service to process required forms; and/or
2. Refusal of duly authorized Authority signatory to execute the contract.

If the Authority cancels its selection of a proposal, the Authority may repost this or a similar RFP and re-seek proposals.